

## Message Text

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W  
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P R 111557Z JAN 77  
FM AMEMBASSY MOSCOW  
TO SECSTATE WASHDC PRIORITY 2954  
INFO AMCONSUL BOMBAY  
AMEMBASSY NEW DELHI  
AMEMBASSY OTTAWA  
AMEMBASSY PARIS  
USMISSION IAEA VIENNA

S E C R E T SECTION 1 OF 2 MOSCOW 0452

EXDIS

E.O. 11652: XGDS-1  
TAGS: PFOR, PARM, IN, IAEA, UR  
SUBJECT: U.S. DEMARCHE TO MOROKHOV ON HEAVY WATER TO INDIA

REF: 76 STATE 312667

1. BEGIN SUMMARY. DCM MADE DEMARCHE AS INSTRUCTED REFTEL WITH DEPUTY DIRECTOR I.D. MOROKHOV JANUARY 11. MOROKHOV'S REPLY STRESSED SOVIET ADHERENCE TO LONDON GUIDELINES AS WELL AS SOVIET DISSATISFACTION WITH THOSE GUIDELINES. MOROKHOV STATED THAT SOVIETS HAVE RECEIVED ASSURANCES ON PEACEFUL USE FROM THE INDIANS AND WILL NOT DELIVER ANY MORE HEAVY WATER UNTIL SAFEGUARDS AGREEMENT COMES INTO FORCE. NO SOVIET-INDIAN SAFEGUARDS AGREEMENT HAS BEEN SIGNED, BUT INDIANS COMMITTED NOT TO USE SOVIET HEAVY WATER UNTIL COVERED BY INDIA-IAEA AGREEMENT. SOVIET HEAVY WATER WILL BE SUBJECT TO IAEA SAFEGUARD REGARDLESS OF WHERE IT IS USED. END SUMMARY.

2. DCM SAW MOROKHOV JAN. 11 AND READ POINTS FROM PARA 2 REFTEL, LEAVING COPY OF TEXT WITH MOROKHOV. MOROKHOV  
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LISTENED AND REPLIED BY READING S SHORT PREPARED STATEMENT THAT U.S. "SHOULD HAVE NO CONCERNS" OVER THE SOVIET-INDIAN DEAL SINCE THE SALE IS IN "COMPLETE ACCORD WITH LONDON GUIDELINES AGREEMENT." THE CONTRACT BETWEEN TWO STATES STIPULATES THAT INDIA WILL GIVE TO THE SOVIET UNION WITHIN 60 DAYS OF THE CONSIGNMENT ASSURANCES THAT NO USE OF THE MATERIALS WILL BE MADE OTHER THAN FOR THE PRODUCTION OF

ELECTRICITY AND RADIOISOTOPES FOR AGRICULTURE AND MEDICINE AND THAT THE MATERIAL WILL NOT BE USED FOR NUCLEAR EXPLOSIONS.

3. FURTHERMORE, MOROKHOV CONTINUED READING, THE "SECOND PARAGRAPH" OF THE CONTRACT STIPULATES THAT THE HEAVY WATER CAN ONLY BE USED IF SAFEGUARDS ARE EXTENDED TO BOTH REACTORS. SOVIET UNION HAS, HE SAID, CONTACTED IAEA REGARDING THE PRINCIPLES OF AN AGREEMENT AND SINCE THESE PROVISIONS ARE IN COMPLETE AGREEMENT WITH THE LONDON GUIDELINES, THE SOVIETS CONSIDER THAT THIS IS SUFFICIENT ASSURANCE THAT THE MATERIAL WILL BE USED ONLY FOR PEACEFUL PURPOSES. THE SOVIET UNION HAS AGREED WITH THE IAEA AND INDIA, HE CONTINUED, THAT A SAFEGUARDS AGREEMENT WILL BE REACHED TO COVER THE SOVIET HEAVY WATER AND THE SOVIET DELEGATION TO THE IAEA BELIEVES THAT THE IAEA AGREEMENT WITH INDIA WILL BE COMPLETED BY THE END OF FEBRUARY. THE DRAFT WILL BE SUBMITTED TO THE IAEA BOARD OF GOVERNORS, HE ADDED. THIS ENDED HIS PREPARED STATEMENT.

4. ADDRESSING WHAT HE REFERRED TO AS "THE OTHER POINTS" U.S. RAISED, HE SAID THAT THE QUESTION OF "SEALS" ON THE HEAVY WATER IS "NOT DRAWN FROM THE AGREEMENT IN LONDON" AND CANNOT THEREFORE BE CARRIED OUT. HE THEN MADE A STRONG PITCH FOR STRENGTHENING LONDON AGREEMENT SAYING THAT THE SOVIET UNION HAS MANY TIMES URGED COMPLETE CONTROLS OVER NUCLEAR MATERIALS SHIPPED TO NON-NUCLEAR COUNTRIES, BUT THE U.S. HAS NOT SUPPORTED THE SOVIETS ON THIS PROPOSAL. INSTEAD, THE U.S. HAS TRIED TO SUBSTITUTE FOR THE SOVIET PROPOSALS THEIR OWN  
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PROPOSALS FOR ESTABLISHING REGIONAL STORAGE SITES AND FUEL PROCESSING FACILITIES. THE SOVIET UNION, MOROKHOV ARGUED, CONSIDERS THAT THIS QUESTION IS VERY IMPORTANT AND THAT THE U.S. PROPOSALS WOULD TAKE TOO LONG TO NEGOTIATE. THE ONLY WAY TO SOLVE THE PROBLEM, THEREFORE, IS TO COME TO AGREEMENT IN LONDON ON FULL FUEL CYCLE SAFEGUARDS. FOR THIS REASON, THEREFORE, THE SOVIET UNION WOULD LIKE THE U.S. "TO TAKE A CLEAR POSITION" AT THE NEXT LONDON CONFERENCE.

5. MOROKHOV NEXT TURNED TO WHAT HE REFERRED TO AS THE "PROBLEM OF SAFEGUARDS" IN EURATOM. EURATOM HAS MEMBER STATES, HE SAID, THAT ARE SIGNATORIES TO THE NPT, YET THEY ARE NOT SUBJECT TO IAEA SAFEGUARDS. THE SOVIET UNION REGARD THIS AS A VIOLATION OF THE NPT. A SAFEGUARDS AGREEMENT BETWEEN EURATOM AND THE IAEA SHOULD HAVE BEEN ACCOMPLISHED LAST NOVEMBER; NOW TIME HAS RUN OUT, HE ARGUED, AND THIS CAUSED USSR GREAT CONCERN. THE SOVIET UNION HAS, MOROKHOV POINTED OUT, RAISED THIS WITH

EURATOM, THE U.S. AND GREAT BRITAIN, AND MAINTAINS THAT "DRASTIC MEASURES" SHOULD BE TAKEN TO CORRECT THE SITUATION. THE SOVIET UNION TAKES PARTICULAR NOTE OF THE FACT THAT THE VAST MAJORITY OF THE NUCLEAR MATERIAL, INCLUDING PLUTONIUM, SHIPPED TO EURATOM, IS SUPPLIED BY THE U.S., HE SAID, AND "WE ARE CONCERNED" THAT THERE ARE "NO CONTROLS" OVER THESE SHIPMENTS. HE SAID, HOWEVER, THAT HE BELIEVES THE U.S. "WILL USE" ALL ITS EFFORTS TO GET A EURATOM CONTROL AGREEMENT. HE STATED THAT THE SOVIET UNION HAS ALSO CONTACTED FRANCE TO EXPLAIN ITS CONCERN AND TO URGE FRANCE TO ADHERE TO THE NPT. MOROKHOV NOTED THAT FRANCE HAS "RECENTLY TAKEN IMPORTANT STEPS" TOWARDS THE CONTROL OF ATOMIC MATERIALS.

6. MOROKHOV THEN SAID HE WISHED TO RETURN TO "THE FIRST QUESTION" AND STATED THAT THE SOVIET UNION IS READY TO JOIN AN AGREEMENT TO CONTROL ALL MATERIALS ON THE  
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LIST THAT IS APPENDED TO THE LONDON GUIDELINES, BUT NO AGREEMENT EXISTS AT PRESENT AND, THEREFORE, "WE WILL STRICTLY OBSERVE THE LONDON GUIDELINES." HE REPEATED THAT HE CONSIDERED THE DEAL WITH INDIA TO BE NO PROBLEM AT ALL.

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ACTION SS-25

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EXDIS

7. DCM REPLIED TO MOROKHOV'S REMARKS ON EURATOM DRAWING ON PARA 3 OF REFTEL, AND STRESSING THAT THE SITUATION REGARDING INDIA AND EURATOM ARE NOT ANALOGOUS. THAT NO DRAFT AGREEMENTS EXISTS FOR THE INDIAN DEAL, STATING THAT SOVIETS HAVE SEEN A DRAFT AGREEMENT IN VIENNA, DETAILS OF WHICH ARE BEING WORKED ON NOW IN VIENNA. SOVIETS HAVE, HE SAID, "PUT IN OUR REQUESTS" WITH RESPECT TO THE TEXT, AND INDIA HAS AGREED WITH THEM. ACCORDING TO MOROKHOV THE SOVIETS HAVE INFORMED THE U.S. AND OTHERS OF THIS.

8. MOROKHOV RESPONDED TO DCM'S POINTS ON EURATOM SITUATION BY STATING THAT THE SOVIETS CONSIDER IT TO BE MORE SERIOUS THAN DOES THE U.S. HE CLAIMED SOVIET CONCERNS CCENTERED ON THREE POINTS: A) THAT SAFEGUARDS AGREEMENT WITH EURATOM HAS NOT YET "BEEN WORKED OUT" AND THAT THE GENERAL SAFEGUARDS AGREEMENT SIGNED BY U.S. AND EURATOM IS STILL NOT IN EFFECT ALTHOUGH IT SHOULD HAVE GONE INTO EFFECT LAST NOVEMBER; B) THAT IAEA CONTROLS WERE NOT THE PRINCIPAL SAFEGUARDS;  
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C) SOME EUROPEAN COUNTRIES HAVE TRIED TO SUBSTITUTE EURATOM SAFEGUARDS FOR IAEA CONTROLS, AND THIS IS CONTRARY TO SOVIET DESIRES BECAUSE THE USSR WISHES "INTERNATIONAL CONTROLS." HE ENDED ON THIS POINT BY EXPRESSING OPTIMISM THAT ACCEPTABLE ARRANGEMENTS WITH ERUATOM COULD BE REACHED BY "THE END OF THIS YEAR."

9. DCM ASKED FOR CLARIFICATION ABOUT WHETHER, IN VIEW OF MOROKHOV'S INITIAL STATEMENT, THERE ACTUALLY EXISTS A BILATERAL SAFEGUARDS AGREEMENT BETWEEN THE USSR AND INDIA CONCERNING THE HEAVY WATER. MOROKHOV REPLIED THAT THE LONDON GUIDELINES ONLY REQUIRE A FORMAL STATEMENT BY THE RECEIVING GOVERNMENT THAT THE MATERIAL WILL NOT BE USED FOR NON-PEACEFUL PRUPOSES. THE SOVIET UNION HAS, HE SAID, RECEIVED SUCH ASSURANCE AS REQUIRED. UP TO NOW, HE SAID, THE SOVIET UNION HAS NOT USED THE "BILATERAL ROUTE" TO SAFEGUARDS AND IT WILL NOT USE IT NOW.

10. DCM ASKED IF THERE WOULD BE MORE SHIPMENTS BEFORE A SAFEGUARDS AGREEMENT BETWEEN THE IAEA AND INDIA IS REACHED, AND MOROKHOV STATED THERE WOULD NOT. ALSO IN RESPONSE TO QUESTIONS HE REPLIED THAT THE ASSUMPTION AND HOPE EXPRESSED IN THE SECOND PARAGRAPH OF OUR STATEMENT (PARA 2 B OF REFTEL) WERE CORRECT; INDIA HAS AGREED TO ENTER INTO AN APPROPRIATE SAFEGUARDS AGREEMENT AND THE HEAVY WATER ALREADY SUPPLIED BY THE

SOVIETS WOULD NOT BE USED BY INDIA UNTIL SUCH AN AGREEMENT COMES INTO FORCE. MOREOVER, INDIA HAS NO "JURIDICAL RIGHT" TO USE THE

HEAVY WATER, ACCORDING TO MOROKHOV, BEFORE INTERNATIONAL INSPECTION BY IAEA INSPECTORS TAKES PLACE.

11. MOROKHOV RESPONDED TO FURTHER QUESTIONS ABOUT TRIGGERING SAFEGUARDS ON RAPP 1 REACTOR BY SAYING THAT THE SOVIETS UNDERSTAND THE ISSUE WITH RESPECT TO MIXTURE OF THE HEAVY WATER IN THE TWO REACTORS AND HE WISHED TO STATE THAT THE SOVIET HEAVY WATER WOULD BE SAFEGUARDED NO MATTER  
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WHERE IT IS USED. HOWEVER, HE STRESSED, NO SAFEGUARDS CAN STOP INTENDED USE BY A NON-SIGNATORY OF THE NPT WITHOUT THE INSTITUTION OF "FULL SAFEGUARDS AGREEMENT". (COMMENT: THE IMPLICATION WAS THAT THIS WAS NOT DONE IN THIS DEAL.) AND THIS SEEMS TO CONFLICT WITH HIS STATEMENT (PARA 3) ABOUT BOTH REACTORS BEING COVERED.

12. AS THE MEETING ENDED, MOROKHOV ASKED IF THE NEW ADMINISTRATION WOULD BE PREPARED TO ADDRESS THE QUESTION OF FULL FUEL SAFEGUARDS AT THE MARCH MEETING OF THE LONDON SUPPLIERS, BECAUSE IF NOT, HE DID NOT SEE MUCH UTILITY IN HOLDING THE MEETING AS SCHEDULED. DCM REPLIED THAT HE WOULD REPORT MOROKHOV'S COMMENT TO WASHINGTON BUT THAT HE COULD NOT COMMENT ON WHAT THE NEW ADMINISTRATION WOULD OR WOULD NOT BE PREPARED TO DO IN MARCH.

13. COMMENT. WE BELIEVE THE RESPONSES MOROKHOV GAVE TO OUR DEMARCHE WERE INTENDED AS MUCH TO MAKE CLEAR SOVIET DISSATISFACTION WITH LONDON SUPPLIERS GUIDELINES AS TO ALLAY OUR FEARS ABOUT INDIAN USE OF THE HEAVY WATER. HE MADE IT QUITE PLAIN THAT HE CONSIDERS THAT THE SOVIET UNION IS LIVING UP TO THE LETTER OF THE LONDON GUIDELINES AGREEMENT AND THAT IF OTHER NUCLEAR SUPPLIERS ARE CONCERNED, THEY SHOULD FOCUS THEIR ATTENTION ON THE INADEQUACIES OF THE AGREEMENT AND NOT ON THE SOVIET-INDIAN HEAVY WATER DEAL. INDEED, AS WE LOOK AT THE CONCERN CREATED BY THE HEAVY WATER DEAL WE CANNOT HELP BUT THINK, GIVEN THE SOVIET PROPENSITY TO DRIVE HOME THEIR SUBTLE POINTS WITH SLEDGEHAMMERS, THAT ONE OF THE PRINCIPAL OBJECTIVES OF THE SOVIETS REGARDING THE TIMING OF THE DEAL MAY BE TO SUPPORT THE SOVIET CONTENTION THAT THE PRESENT SAFEGUARDS REGIME IS INADEQUATE AND THAT THE INADEQUACIES CAN CAUSE CONCERN TO THE WESTERN SUPPLIERS ANALOGOUS TO THE SOVIET CONCERNS IN THE RUATOM CASE.  
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